Finnish unions derail workers' offensive

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The conclusion of the Finnish paper workers' strike—their first industrial action since the 1956 general strike—marks the end of several weeks in which various sections of the highly unionised working class have been on strike for higher pay and shorter hours.

On March 2, 3,300 forest harvester drivers struck for a pay rise of between 5 and 6 percent, against the employers' offer of 0-1.5 percent over the next nine months. On March 6, 7,000 seafarers threatened to strike for a pay rise equivalent to the inflation rate of 3.1 percent. The strike was called off at the last minute after the Finnish government offered subsidies to the employers. On March 15, airport handlers threatened to strike over the use of contract labour and for a pay increase above the rate of inflation. This strike was also called off.

The next day, 5,000 chemical workers struck for more pay, which quickly threatened to shut down the country's petrol refineries and stations. The managing director of the Finnish Chemical Industry Federation warned that the dispute could "display the features of a general strike" and stop all basic industry within weeks. The chemical workers were demanding a 4 percent rise and a cut in hours, against the employers' offers of a rise equivalent to the rate of inflation. A week later, just as another 7,000 workers were due to join the strike, the employers and unions settled on a 3.9 percent pay increase, but with only one extra day's holiday.

On March 29, 11,000 workers in 140 bus and haulage companies struck over pay, to be met by an employers' lockout of 15,000 more workers at 325 companies. The strike quickly brought bus, freight and dock transport to a halt across Finland and provoked demands by the employers for a ban on sympathy strikes after seafarers took supportive action. Within five days the strike was settled on the basis of a 3.5 percent pay increase over 10 months, with a vague agreement that the next three years would be settled according to "labour market conditions".

Finally, on April 11, 30,000 paper industry workers struck for more pay and shorter hours. The strike was supported by Swedish paper workers, who refused to take work diverted from Finnish paper mills. The paper industry is Finland's second largest industry and paper products are one of its main exports. Five days later the dispute was settled, again on the basis of a 3.1 percent pay increase this year, with conditional pay increases for the next two years and an agreement that contract labour could be used after discussions with local unions.

By mid April, the strike movement had been effectively dissipated, with workers winning only the most minimal pay increases that barely kept pace with inflation. The beneficiaries of the agreements reached will be the Social Democratic Party (SPD) government and the employers, who believe they have secured a period of industrial peace during which they can prepare more aggressive measures to drive down workers' share of the national income through welfare cuts.

The trade unions in Finland play the key role in preserving the interests of big business against those of their members. The SAK, the largest trade union federation, which mainly organises manual workers, has 1.1 million members out of a total workforce of around 2.4 million people. The STTK white-collar union federation has 655,000 members, and the federation of academic professionals' unions has 375,000 members. Taken together this gives a figure for union membership of around 80 percent, similar to the rest of Scandinavia, and far in advance of most other countries in the world. Many unions also have significant student, unemployed and retired memberships.

The recent strikes came after attempts failed between the employers, government and the trade unions to agree a third two-year wages policy across all sectors of the workforce. For many years wages in any particular industry have been set nationally through bargaining between the trade unions and employers. The wage rates agreed covered all workers in that industry, regardless of whether they were union members or not.

However, since 1995 agreements have been reached that restricted all wage increases to around the rate of price inflation. In 1995 and 1997, agreements were negotiated that were crucial in allowing the Finnish economy to recover from the devastating impact of the collapse of the Soviet Union in 1991. Virtually overnight, 25 percent of Finland's export markets collapsed, unemployment rocketed to nearly 20 percent and the economy suffered the largest contraction ever seen in an OECD country—15 percent.

In 1995 the SPD, under the leadership of Paavo Lipponen, formed the "Rainbow Coalition". Commenting on that period, Lipponen noted, "In a way, it was a situation akin to war, one in which we had to pull ourselves up out of recession and make difficult decisions. Broad political cooperation, to which the labour-market organisations also made their respective contributions, had the effect of reducing conflicts. The government composition took shape in a new Europe as it were, and also in a period of severe economic crisis. It had a task that transcended the old domestic-policy wrangling."

Since then, the economy has been reoriented more towards Europe, which now takes 56 percent of exports. Finland joined the European Union in 1995 and launched a programme of spending cuts and tax increases in order to pave the way for participation in the planned European Monetary Union in 1999. The country retains a relatively extensive welfare system, built up mostly in the 1960s and 70s following the 1956 general strike. Although cut back during the 90s, it is still superior to most European countries.

Another coalition government was formed under the SPD's leadership in 1999. Despite losing 12 seats and only just retaining its status as the largest party in the *Eduskunta* (parliament), the SPD was able to remain in power by maintaining alliances with a host of other parties extending from the Conservatives to the Leftist Alliance.

The 1999 elections came immediately after a bitter five-week strike by air traffic controllers, in which the government considered (then rejected) legal moves to force the controllers back to work. Lipponen, the SPD and the trade union bureaucracy immediately opened discussions on the need for a new tripartite wages policy. This was fully supported by the leading employers' federation, the TT, whose head Johannes Koroma called for an agreement that was binding on the entire working class. The TT stressed that the previous two agreements had been valuable for "the country".

During the protracted negotiations for a new settlement, Koroma spelt out his requirements: "Now for the first time in Finland we will take a measure of how well different sectors [of the workforce] understand life in European economic and monetary union and how seriously they take that change."

However, attempts to reach an agreement collapsed last September. In particular, the Paper Workers Union, whose members had won increases of between 8 and 10 percent in 1994, were unwilling to accept a new accord that restricted them to 3.1 percent along with the promise of future tax cuts. Other unions representing around 25 percent of SAK's membership refused to participate in agreements that did not allow locally established variations, which were not extended beyond the two years proposed, and which offered no increase in workers' employment security.

The unions intimated that their difficulties were increased by workers' awareness of growing social inequality. Very considerable wealth has been amassed by corporate Finland over the last few years, while workers pay increases were restricted to the level of inflation and many remained unemployed. Last year, Finnish industrial output grew by 6.2 percent, while output in the electronics industry, dominated by cell phone manufacturer Nokia, grew by 19.1 percent. In the year to March 2000 Finland's GDP increased by 3.5 percent, down from its peak of over 7 percent in 1998. Most of this has been accrued by Finland's wealthy. Overall profits last year increased by 30 percent, and, prior to the recent collapse in tech stocks, market capitalisation had increased by a prodigious 169 percent. Much publicity has been given to the emergence of a layer of "Nokia millionaires".

By March this year the vast majority of unions, representing 90 percent of workers, followed an initiative by the Metal Workers Union to effectively impose a voluntary agreement of their own. They restricted demands for pay rises to between 2.6 and 3.1 percent this year, with settlements for the next years depending on the state of the economy. Those unions unable to restrain the demands of their members for more pay were forced to call action, but have now settled for increases little better than those originally rejected.